

The Gazette of India

EXTRAORDINARY PART II—Section 3 PUBLISHED BY AUTHORITY

No. 151] NEW DELHI, THURSDAY, JULY 8, 1954

MINISTRY OF COMMERCE AND INDUSTRY

NOTIFICATION

New Delhi, the 8th July 1954

S.R.O. 2230.—In exercise of the powers conferred by section 28 of the Forward Contracts (Regulation) Act, 1952 (LXXIV of 1952), the Central Government hereby makes the following rules, namely:—

1. *Short title.*—These Rules may be called the Forward Contracts (Regulation) Rules, 1954.

2. *Definitions.*—In these Rules, unless the context otherwise requires—

(a) "Form" means a form appended to these Rules;

(b) "the Act" means the Forward Contracts (Regulation) Act, 1952 (LXXIV of 1952).

3. *Application for recognition.*—An application under section 5 of the Act for recognition of an association shall be made in triplicate in Form A to the Central Government through the Forward Markets Commission, Bombay.

4. *Fees for application.*—(1) There shall be paid in respect of every application under rule 3 a fee of rupees two hundred and fifty.

(2) The amount of the fee shall be deposited in the nearest Government treasury or the nearest branch of the Imperial Bank of India:

Provided that at Bombay, Calcutta, Delhi, Kanpur and Madras the amount shall be deposited in the Reserve Bank of India.

(3) The amount of the fee so deposited shall be credited to the Receipt Head XXXIII—Commerce and Industry—Miscellaneous Receipts.

5. *Documents to be filed along with the application and particulars it should contain.*—Every application shall be accompanied by six copies of the rules and bye-laws of the association as specified in section 5 of the Act and the receipt granted by the Government treasury, or as the case may be, the Imperial Bank of India or the Reserve Bank of India, in respect of the amount of the fee deposited and shall contain clear particulars as to the matters specified in the annexure to Form A.

6. *Power to call for additional information.*—The Forward Markets Commission through whom the application shall be made may require the applicant association to furnish within a period to be specified by it, such additional information as it may consider necessary.

7. *Grant of recognition.*—(1) Before granting recognition to an association under section 6 of the Act, the Central Government may besides making such inquiry and obtaining such further information as is referred to in that section, also consider the advice of the Forward Markets Commission.

(2) The recognition granted to an association shall be in Form B, specify the goods or the classes of goods with respect to which, and the area or areas in which, forward contracts may be entered into between the members of such association or through or any such member and be subject to the following conditions, namely:—

- (a) that the recognition granted shall be for such period not less than one year as may be specified in the recognition;
- (b) that the association shall comply with such directions as may from time to time be given by the Forward Markets Commission.

8. *Renewal of recognition.*—(1) Three months before the expiry of the period of recognition an association desirous of renewal of such recognition may make an application in triplicate in Form A to the Central Government through the Forward Markets Commission.

(2) The provisions of rule 3, rule 4, rule 5, rule 6 and rule 7 shall apply in relation to renewal of recognition as they apply in relation to grant of recognition subject to the modification that the fee payable in respect of an application for renewal of recognition shall be rupees one hundred.

9. *Withdrawal of recognition.*—(1) Before withdrawing the recognition granted to an association the Central Government may besides complying with the provisions of section 7 of the Act, also consider the advice of the Forward Markets Commission.

(2) Reasonable opportunity to the association to be heard, referred to in section 7 of the Act, shall be given by means of a notice which shall be in Form C.

10. *Submission of periodical returns.*—Every recognised association shall send to the Central Government through the Forward Markets Commission weekly returns in triplicate in Form D relating to its affairs and the affairs of its members on the first working day following the period to which it relates and such other returns as may from time to time be required by the Central Government.

11. *Manner of publication of bye-laws for criticism.*—The bye-laws to be made, amended or revised under the Act shall be published for criticism in accordance with the provisions of section 23 of the General Clauses Act, 1897 both in the *Gazette of India* and the *Official Gazette* of the State in which the principal office of the recognised association is situated.

FORM A

(See rules 3 and 8)

APPLICATION FOR RECOGNITION/RENEWAL OF RECOGNITION OF AN ASSOCIATION UNDER SECTION 5 OF THE FORWARD CONTRACTS (REGULATION) ACT, 1952

(Note.—Applications must be submitted in triplicate.)

To

.....

.....

.....

SUBJECT.—*Application for recognition/renewal of recognition of an association under Section 5 of the Forward Contracts (Regulation) Act, 1952.*

Sir,

Pursuant to the Central Government Notification No. dated and the Press Note/Certificate dated regarding application for recognition under Section 5/granting recognition under Section 6 of the Forward Contracts (Regulation) Act, 1952, we/I on behalf of (name and address of association) being concerned with the regulation and control of forward contracts, hereby apply for recognition/renewal of recognition for the purposes of the said Act in respect of (name of goods or classes of goods) in (name of area or areas).

2. Six copies of the rules, Memorandum and Articles of Association relating in general to the constitution and management of the association and six copies of the bye-laws for the regulation and control of forward contracts are enclosed.

3. All the necessary information required in the Annexure to the Form is enclosed. Any additional information will be furnished as and when called for by the Forward Markets Commission.

4. We/I on behalf of the said association hereby undertake to comply with the requirements under sub-sections (2) and (3) of Section 6 of the Forward Contracts (Regulation) Act, 1952.

5. Treasury Receipt No. dated for Rs. 250/Rs. 100 is attached.

Yours faithfully,
Signature of applicant.

ANNEXURE TO FORM A

S.No.	Particulars
-------	-------------

PART I—GENERAL

1. Name of applicant association.
2. Address.
3. Date of establishment.
4. Is your association a private limited or public limited company registered under the Indian Companies Act, 1913? If it is organised on some other basis, this may be stated.
5. If your association is a joint stock company, please give details of your authorised, subscribed, issued and paid-up capital. If you have raised capital in some other form, e.g., issue of debentures, this may be stated.
6. Is your association a profit-making organisation? Please attach two copies of the audited Balance Sheets and Profit and Loss Account of the Association for the preceding three years.
7. Give particulars of the capital assets of your association, viz., size of deposits from members, reserve fund, fixed assets, etc.
8. What is the provision made by the association for the safety of funds of non-members held in deposit with members in connection with business?

PART II—MEMBERSHIP

9. Number of members at the time of application.
10. If possible, please classify the members by broad trade interests like "sellers", "buyers", "brokers", "growers", "consumers", etc.
11. State the different classes of members (e.g. full member, associate member, etc.), if any, and the number thereof.
12. Give details of the privileges enjoyed by the different classes of members particularly in regard to their voting rights.
13. Do you collect any deposit from your members? If so, please give details.
14. What rate/s of interest do you pay on the members' deposit and state the manner in which such deposits are utilised?
15. Do you collect any admission fees from your members? If so, how much?
16. What are the rates of your annual subscription in respect of the different classes of members?
17. State whether under your existing constitution there are any provisions for limiting the number of members. If so, give details and reasons therefor.
18. If you limit the number of members, then state the maximum number of members that you can enroll.

PART III—BOARD OF MANAGEMENT

19. What is the present strength of your Board of Management/Directors?
20. Does the constitution of your Board of Management/Directors truly represent the different trade interests, such as, "sellers", "buyers", "brokers", "growers", "consumers", etc.? If not, are you willing to amend your constitution so as to make the Board fairly representative?

S. No.	Particulars
21.	Are there any representatives of State Governments/Commodity Committees on your Board of Management/Directors? If so, please furnish their names and the interest represented by them.

PART IV—TRADING

22. State the names of commodities and the description of the forward contracts (e.g. non-transferable specific delivery contracts, transferable specific delivery contracts, hedge contracts, etc.) dealt in by you in the past.
23. State the names of commodities and the description of forward contracts dealt in at present.
24. Please furnish approximate figures of your annual turnover in the different types of forward contracts, the quantity tendered, value thereof and the amount settled through your clearing house for any two years, preferably recent years.
25. Is your association situated in the producing, distribution or consuming centres of the commodity/commodities dealt?
26. If your association is situated in the producing area, please state the size of the crop grown in your State and its relation to the all India crop.
27. State the periods during which the crop grown in your State moves to the marketing centres.
28. If your association is situated in a distributing and/or consuming centre/s, please state the approximate quantity received by your market for the purpose of merchandising.
29. State the extent of warehousing facilities available in your market.

PART V—READY CONTRACTS (DELIVERY TO BE EFFECTED WITHIN 11 DAYS FROM THE DATE OF TRANSACTION)

30. Do you provide for a "Spot Market" where ready lots are sold?
31. If so, who are the principal buyers, i.e., whether dealers, investors, ultimate consumers?
32. Do you prescribe any definite standards for trading in spot transactions. If so, please give details.
33. State the average annual turnover in ready transactions.

PART VI—NON-TRANSFERABLE SPECIFIC DELIVERY CONTRACTS

34. State the average annual turnover in non-transferable specific delivery contracts, i.e., specific delivery contracts, delivery against which is effected after 11 days from the date of contract to parties specified therein.
35. State briefly the safeguards that you generally take for minimising speculation in these contracts.

PART VII—TRANSFERABLE SPECIFIC DELIVERY CONTRACTS

36. If you are conducting forward trading through the medium of "futures" or "hedge" contracts or other types of forward contracts, which provide for transferable specific delivery, please explain its nature.
37. Do you have a trading "ring"? Please give details.
38. Please give details of the opening and closing of the market and the regulation of the hours of trade.
39. Do you have any system of licensing or registration of brokers or floor-operators?
40. Please give details of the scale of brokerage and other charges prescribed by your association.
41. Please state the unit of trading prescribed in respect of "futures", "hedge" or other types of forward contracts.
42. What is the "basis" of such contracts (e.g. Fine Jarilla 25/32", Khandesh Bold, etc.)?
43. What are your grades or classes?
44. Are your present forward contracts working successfully?

PART VII—TRANSFERABLE SPECIFIC DELIVERY CONTRACTS—*contd.*

45. Have you received any complaints against the working of your present contracts? If so, please state the reasons therefor briefly.
46. Have you received any suggestions for their improvement? If so, please give details.
47. Do you provide for the delivery of the commodity at stations outside the place where your association is situated? If so, please furnish names of such stations.
48. What are the periods of delivery stipulated against your "futures", "hedge" or other types of forward contracts?
49. Is delivery only at the option of the seller or of both the buyer and seller?
50. Do you prescribe any definite standards for trading in "futures", "hedge" or other types of forward contracts? If so, please give details.
51. Do you provide safeguards for the prevention of "squeeze" and "bear raids", and for meeting emergencies in trade?
52. How do you regulate fluctuations in rates and prices?
53. Do you prescribe maximum and minimum price limits for trading? Please give details.
54. Do you provide for the regulation of dealings by members for their own account?
55. Do the members of your association submit periodical reports of the business done by them?
56. Do you provide for limitations on the volume of trade done by any individual member?
57. Please give details of the organisation and management of your clearing house.
58. What provision have you made for periodical settlement of contracts and differences thereunder, the delivery of, and payment for goods and the passing of delivery orders?
59. What provision have you made for the fixation of price differentials of tenderable grades?
60. What are the number and classes of contracts in respect of which settlements are made or differences paid through the clearing house?
61. What guarantee, if any, does your clearing house give for the fulfilment of contracts? Give full details.
62. How do you fix, alter or postpone days of settlement?
63. How do you determine and declare market rates, including opening, closing, highest and lowest rates?
64. Do you prescribe margin requirements? Please give details.
65. Please attach three copies of your standard forms of contract.
66. What provision have you made for regulating the entering into and performance of contracts and the consequences of default or insolvency on the part of a seller or buyer or intermediary and for other related matters?
67. Do you require members to supply such information or explanation and to produce such books relating to their business as your Board of Management may require?
68. Do you prescribe any penalty in case of contravention of a bye-law by a member?

PART VIII—SURVEYS AND ARBITRATION

69. Do you provide facilities for the survey of samples tendered in connection with the adjudication of trade disputes and otherwise?
70. Do you provide a machinery for the arbitration of trade disputes?
71. Please state the number of samples surveyed and the number of trade disputes arbitrated during the last two years.

PART VIII—SURVEYS AND ADMINISTRATION—*contd.*

72. What provision have you made for the levy and recovery of fees, fines and penalties?

Date.....

Yours faithfully,
Director/Secretary.

FORM B

(See rules 7 and 8)

GOVERNMENT OF INDIA

MINISTRY OF COMMERCE AND INDUSTRY

New Delhi, the

195

No.....The Central Government, having considered in consultation with the Forward Markets Commission, the application for recognition/renewal of recognition made under section 5 of the Forward Contracts (Regulation) Act, 1952, by.....(name and address of association) and being satisfied that it would be in the interest of the trade and in the public interest so to do, hereby grants, in exercise of the powers conferred by section 6 of the Forward Contracts (Regulation) Act, 1952, recognition to the said association under section 6 of the Forward Contracts (Regulation) Act, 1952, for.....year/years ending.....195 on a permanent basis in respect of forward contracts in.....(name of goods or classes of goods) in.....(name of area or areas).

Seal of the Ministry.

Signature of Officer.

NOTE.—Application for renewal of recognition should be made three months before the expiry of the period.

(This certificate will also have to be published as a Notification in the *Gazette of India* and also in the Official Gazette of the State in which the principal office of the recognised association is situate.)

FORM C

[See sub-rule (2) of rule 9]

NOTICE TO SHOW CAUSE AGAINST THE WITHDRAWAL OF RECOGNITION

GOVERNMENT OF INDIA

MINISTRY OF COMMERCE AND INDUSTRY

New Delhi, the

195

To

.....
(Name and address of the association)

.....

The Central Government, in consultation with the Forward Markets Commission, hereby calls upon you to show cause on.....at.....
(date) (time)
at the office of.....why the recognition in respect
(designation of the officer)
of forward contracts in.....in.....
(name of goods or classes of goods) (name of area or areas)

granted to you under the Ministry of Commerce and Industry Notification No.....dated.....and Certificate No.....dated.....
should not be withdrawn for the reasons given in the Annexure to this Notice.

Seal of the Ministry.

Signature of Officer.

FORM D

(See Rule 10)

Return for the Week ending

Name of Association

Address

Particulars

I. *Details of transactions during the week*(i) *Ready contracts :*

(i.e. contracts where delivery is to be effected within 11 days from the date of transaction).

(a) Total volume (please state in units e.g. candies, mds., etc.)

(b) Aggregate value (approximate)

(ii) *Non-transferable specific delivery contracts :*

(i.e. forward delivery contracts other than "future" or "headge" contracts for the specific delivery of goods to be made at any time after 11 days from the date of transaction as specified in the contract)

(a) Total volume

(b) Aggregate value.

(iii) *Transferable specific delivery contracts :*

(i.e. futures/hedge contracts)

Particulars	Month of delivery
(a) Total volume	
(b) Aggregate value (approximate)	

Particulars

2. *Market Rates :*(i) *Ready contracts :*

Rates ruling on.....per candy/md. etc.

Descriptions of goods	Last day of the previous week.	First day of the week.	Last day of the week.
-----------------------	--------------------------------	------------------------	-----------------------

(ii) *Non-transferable specific delivery contracts:*

Rates ruling at the end of the week.

Description of goods	Rate per	Period of delivery
----------------------	----------	--------------------

(iii) *Transferable specific delivery contracts :*

Rates ruling in the ring.

Month of delivery of the futures/hedge contract	Previous week's closing	Weeks				Settle- ment rates fixed if any
		Opening	Highest	Lowest	Closing	

3. *Details of weekly/Fortnightly clearing :*

	Non-transferable specific delivery	Transferable specific delivery
(a) Total volume of contracts	.	.
(b) Aggregate value	.	.
(c) Amount of differences paid or received	.	.

4. *Details of margins collected :*

- (a) Number of members from whom Margins have been collected.
 (b) Total amount of margin collected.

5. *Surveys and Arbitration :*

	No. of cases	Quantity
(i) Surveys		
(ii) Appeals against surveys.		
(iii) Arbitration.		

6. *Any other matter of interest :*

(Please state here briefly the conditions ruling in the market during the week)

Certified that the above information, based on the records and accounts of this association
 is correct.

Signature of Director/Secretary of the Association.

NOTE.—This return is to be submitted on the first working day following the period to which it relates.

[No. 30/23/53-I.P.(B).]

S. KRISHNASWAMI, Dy. Secy.